



## When You Are Struggling to Make Mortgage Payments

In the aftermath of the housing crash and The Great Recession, thousands of borrowers are unable to make their mortgage payments, either because they have lost a job or because they accepted mortgages that stuck them with high fees and high interest rates. Whatever the reason, too many homeowners now feel that they are drowning in debt and are at risk of losing their homes.

### Save Your Home

If you have that sinking feeling, there are some things you can do to save your home—or at least your equity.

1. Talk to your lender—the sooner the better. Many lenders may be willing to work with you to set up a new payment plan you can live with. It will be easier to negotiate before you get too far behind.
2. Talk with a housing counselor to help you work out a budget and find ways to manage your mortgage payments. The Consumer Finance Protection Board—the agency created by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act—can connect you with free and reputable HUD-approved housing counselors. Go to [www.consumerfinance.gov/mortgagehelp](http://www.consumerfinance.gov/mortgagehelp).
3. Talk with a credit counselor. One way to locate a credit counseling organization is to contact the National Foundation for Credit Counseling, Inc., at [www.nfcc.org](http://www.nfcc.org). The NFCC's members are nonprofit counseling agencies. Good counselors should sit down with you—preferably face-to-face.
4. Explore government programs. Under the “Making Home Affordable Program,” you may be eligible to modify or refinance your loan. You can visit [\[affordable.gov\]\(http://affordable.gov\) or call the Homeowner's HOPE Hotline at 1-888-995-HOPE \(4673\) to learn about the programs and to speak with a HUD-approved housing counselor. A counselor can explain eligibility requirements and identify the right solution for your family.](http://www.makinghome</a></li></ol></div><div data-bbox=)

5. Look for a new loan. Even if you're not eligible for the “Making Home Affordable Program,” check with reputable lenders to see if there's a way to replace your zero-interest or ARM loan with a fixed-rate loan. The payments may be higher, but you'll be glad you locked in a fixed payment. Ask if you are eligible for a Federal Housing Authority (FHA) insured loan, which comes with more foreclosure protection. You can learn more about FHA loans at [www.hud.gov/buying/loans.cfm](http://www.hud.gov/buying/loans.cfm).

### Watch Out for False Help

Watch out for predators who want to take advantage of struggling homeowners. To combat mortgage scams, Congress asked NeighborWorks® America to launch a national education campaign. The campaign aims to help homeowners protect themselves against loan modification scams, find trusted help, and report illegal activity to authorities. Visit [www.loanscamalert.org](http://www.loanscamalert.org) to learn more. There are all sorts of foreclosure rescue scams, including:

- ❖ Phantom help: The “rescuer” charges outrageous fees for a few phone calls or some paperwork that the homeowner could easily do, none of which results in saving the home. This predatory scam gives homeowners a false sense of hope and prevents them from seeking qualified help.
- ❖ Lease/buy-back: In this scam, homeowners

are deceived into signing over the title to their home with the belief that they will be able to remain in the house as a renter and eventually buy it back over time. The terms of these scams are so onerous that the buy-back becomes impossible, the homeowner gets evicted, and the “rescuer” walks off with most or all of the equity.

- ❖ Bait-and-switch: The homeowners think they are signing documents to bring the mortgage current, but instead they are actually signing over the deed to their home. They usually don’t even know they’ve been scammed until they’re evicted.

### Predatory Loan Help

- ❖ If you think your lender was dishonest—for example you discover you paid fees you were not told about or you were required to buy credit insurance—report it.
- ❖ If you suffered financial injury due to an improper foreclosure action between Jan. 1, 2009, and Dec. 31, 2010, you may be eligible for an independent review of your foreclosure. Go to [www.IndependentForeclosureReview.com](http://www.IndependentForeclosureReview.com) for more information.
- ❖ Call your county office of consumer affairs or consumer protection. You can find the phone number online or in the government listings in the phone book.
- ❖ Call your state attorney general or state office of banking. Those numbers will also be in the government listings in the phone book.
- ❖ Report it to the Federal Trade Commission at 1-877-FTC-HELP or at [www.ftc.gov](http://www.ftc.gov).

- ❖ Ask a lawyer to look at all of your loan documents to see if there are state or federal laws that would let you out of the loan.
- ❖ Get more information about predatory loans, from the Center for Responsible Lending at [www.responsiblelending.org](http://www.responsiblelending.org).

### Safety Tips

To avoid getting into even bigger problems:

- ❖ Never deal with anyone who contacts you with offers to help if you are already in foreclosure. Ignore those street side posters that say “We buy homes!” or “Save Your Credit.”
- ❖ Never sign any documents related to your home—or add a co-owner to your deed—without first getting advice from an independent source you trust, like a legal service attorney or community counseling service.
- ❖ Be sure you thoroughly understand any document you are asked to sign. Don’t rely on what someone says the document means. Get all promises in writing, get copies of everything you sign, and never leave any blanks in the document.
- ❖ Be sure your loan agent is employed by a lender that is licensed or registered and therefore authorized to sell mortgages in your state. Check with your state department of housing or licensing.



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